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C O N F I D E N T I A L AMMAN 000665

SIPDIS

E.O. 12958: DECL: 01/27/2014

TAGS: [EPET](#) [ECON](#) [PREL](#) [KU](#) [SA](#) [JO](#) [TC](#)

SUBJECT: MUASHER ASKS FOR HELP WITH THE SAUDIS ON OIL

REF: A. AMMAN 72

[1B](#). AMMAN 348

[1C](#). AMMAN 459

Classified By: CDA David Hale for reasons 1.5 (b) (d)

UAE, KUWAIT HAVEN'T MADE ALL PROMISED OIL PAYMENTS

[11](#). (C) Foreign Minister Marwan Muasher told the Ambassador and PolCouns January 21 that neither Kuwait nor the UAE had yet provided all the free oil they had promised to Jordan in the aftermath of the Iraq war. Kuwait, he asserted, had committed to providing 25,000 bpd for six months, and Jordan had gotten "a loose commitment" for an additional three months. Kuwait had given Jordan two months of oil, but had stopped that supply when it learned that Jordan was selling the oil because it was incompatible with Jordan's refinery. Jordan and Kuwait, Muasher said, had reached an understanding on Jordanian sale of future shipments "two or three weeks ago" (i.e. early January 2004). Therefore, in his estimation, Kuwait still needed to provide another four months of oil to meet its six month commitment. Similarly, the UAE had not fulfilled its earlier commitment to provide cash payments of the equivalent of 25,000 bpd for six months, thus far having made only "two or three" payments. It is important that Kuwait and the UAE meet their original pledges, since the GOJ, he said, has included these pledges as assistance revenue in its 2004 budget (ref a).

JORDAN NEEDS USG HELP WITH SAUDI ARABIA

[12](#). (C) Given the uncertainty of future shipments/payments from Kuwait and the UAE (refs b and c), Muasher said it is crucial for Jordan that Saudi Arabia continue its supply of free oil to Jordan. He asked that the USG weigh in with the Saudis and encourage them to continue to assist Jordan.

COMMENT

[13](#). (C) It is clear that the GOJ believes that it needs continued support from the Gulf to meet its IMF deficit targets. We do not believe that an extension of Gulf oil aid would lead to a relaxation of budgetary rigor, including the commitment to increase consumer prices of oil products. It would likely be used to finance sorely needed social spending or government investment that would otherwise go unfunded. This would also help shore up support for the government's political and economic reform plans. We may wish to weigh in with the Saudis, Kuwaitis, and Emiratis to determine whether they intend to continue to provide free or discounted oil to Jordan.

[14](#). (U) CPA Baghdad minimize considered.

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HALE